

Message Text

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ACTION EB-03

INFO OCT-01 SS-14 ISO-00 EUR-08 NSC-05 NSCE-00 CIAE-00

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R 111854Z DEC 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6479

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USINT BAGHDAD

AMCONSUL DHAHRAN

USMISSION OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L LONDON 16187

LIMDIS

E.O. 11652: N/A

TAGS: ENRG, SA

SUBJECT: SAUDI/ARAMCO TALKS ADJOURN

1. INDUSTRY SOURCES CONFIRM PRESS REPORTS THAT TWO DAYS OF MEETINGS BETWEEN SHEIKH YAMANI AND INDUSTRY REPRESENTATIVES ENDED WITHOUT "HEADS OF AGREEMENT" COVERING MAJOR OUTSTANDING ISSUES. FURTHER MEETINGS ARE UNLIKELY TO TAKE PLACE BEFORE EARLY NEXT YEAR.

2. ONE INDUSTRY SOURCE CHARACTERIZED ATMOSPHERE AS FRIENDLY BUT IMBUED WITH NO DISPOSITION TO DRIVE TOWARDS FINISH LINE. ANOTHER MORE CAUTIOUS COMPANY REP SAID
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PERHAPS THERE WAS A BIT MORE UNDERSTANDING OF EACH

OTHER'S POSITION BUT THAT AGREEMENT WAS STILL A LONG WAY OFF.

3. DECEMBER 11 "FINANCIAL TIMES" COMMENTED ON GROWING IMPRESSION THIS WEEK THAT SAUDI ARABIA MAY PREFER TO LET OPEC AGREE COLLECTIVELY ON A FURTHER PRICE INCREASE FIRST--SO IT CAN LATER PLEAD THE IMPOSSIBILITY OF ACTUALLY LOWERING PRICES IN CONFORMITY WITH KING FAISAL'S STATED POLICY.

4. COMMENT: LONDON-BASED INDUSTRY REPS HAD PREDICTED YAMANI WOULD COME AWAY FROM MEETINGS JUST PRIOR TO OPEC MINISTERIAL WITH AGREEMENT IN PRINCIPLE ON 100 PERCENT TAKEOVER. WE CAN ONLY ASSUME THEIR SURPRISE IS MATCHED BY THAT OF EXXON AND MOBIL NEGOTIATORS GARVIN AND TAVOULEREAS.

SPIERS

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NNN

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